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Deputy Director, Strategic Planning

313 N. Figueroa Street, Suite 912  
Los Angeles, CA 90012

Tel: (213)240-8101  
Fax: (213) 481-0503

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through direct services at DHS facilities  
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community and university partners.*



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April 30, 2013

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO EQUIPMENT MAINTENANCE AND  
REPAIR SERVICES AGREEMENT WITH DRAEGER MEDICAL, INC.  
(ALL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Approval of an Amendment to the existing Agreement with Draeger Medical, Inc. for equipment maintenance and repair services at various Department of Health Services facilities, and to request delegated authority to amend this Agreement to add or delete equipment, to pay for repair or maintenance of equipment excluded under the basic maintenance service and to increase the maximum obligation up to \$128,903 in order to pay for these potential service changes.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Director, or his designee, to execute Amendment No. 3 to Agreement H-702062 with Draeger Medical, Inc. (Draeger), effective upon Board approval, to extend the term of the sole source Agreement for the period of June 1, 2013 through June 30, 2018 for the continued provision of anesthesia equipment maintenance and repair services at Department of Health Services (DHS) facilities listed on Attachment A, with a maximum obligation of \$322,258 for five years and one month, for the period of June 1, 2013 through June 30, 2018.
2. Delegate authority to the Director or his designee to execute amendments as needed in order to add any relevant new or updated County contract terms,

to add Draeger equipment coming off warranty, to delete equipment no longer in service or has been moved to a different facility, to authorize and pay for repair or maintenance for Draeger equipment that is excluded under the Agreement's basic maintenance service, and to increase the maximum obligation to pay for the potential increase in services by no more than 40% of the maximum obligation for the period June 1, 2013 through June 30, 2018, for a total potential increase of \$128,903.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the first recommendation will allow the Director, or his designee, to execute an Amendment, substantially similar to Exhibit I, to the Agreement with Draeger to continue the vital preventive maintenance and repair services for anesthesia equipment at various DHS facilities. The current Agreement expires on May 31, 2013. The anesthesia equipment covered under this Agreement supports the administration of anesthetic gases to the patients during surgeries.

It continues to be in the best interest of the County to contract with Draeger for maintenance of Draeger anesthesia equipment. Draeger is the original equipment manufacturer (OEM) and uses proprietary software to control the equipment. Whenever possible, DHS contracts with the OEM to ensure that the medical equipment, which often uses proprietary technology, performs in accordance with equipment specifications. Another benefit to contracting with the OEM is the guarantee of faster access to OEM parts when repair services, especially for emergencies, are needed.

Appropriate administration of anesthesia is a key function in every surgical unit. The Draeger anesthesia equipment monitors a patient's heart rate, electrocardiogram, blood pressure, oxygen saturation, and brain function during and after surgery. This equipment must be readily operational without any obstructions, defects, or pressure leaks to ensure patient safety.

For the past seven years, Draeger has maintained the same rates for the same types of equipment under the basic maintenance service provided under this Agreement. During this time, Draeger has also maintained the same hourly rate for emergency or unanticipated repairs that fall outside the scope of the basic maintenance service. (Some examples of "outside the scope" repair services include improper use of equipment by County employees, repair or relocation by anyone other than Contractor-authorized staff, etc). Draeger has agreed to extend the Agreement for five years and one month through June 30, 2018 in exchange for an overall rate increase of one percent for the extension term.

Approval of the second recommendation will allow the Director, or his designee, to execute amendments, as needed, in order to add any relevant new or updated County contract terms, to add Draeger equipment coming off warranty, to delete equipment no longer in service or has been moved to a different facility, to authorize and pay for repair or maintenance for Draeger equipment that is excluded under the Agreement's basic maintenance service, and to increase the maximum obligation to pay for the potential increase in services by no more than 40% of the maximum obligation for the period June 1, 2013 through June 30, 2018, for a total potential increase of \$128,903.

The Joint Commission on the Accreditation of Healthcare Organizations (Joint Commission) requires facilities to cover medical equipment maintenance under a service contract. Therefore, this delegated authority is necessary to enable the Agreement to be amended timely to guarantee that this critical equipment is maintained appropriately to ensure the safety of patients, as well as to meet

the requirements of The Joint Commission. Board policy generally allows delegated authority to increase the maximum obligation up to 10 percent. However, based on experience in recent years with several other equipment maintenance service agreements, DHS believes that requesting 40 percent for potential increases is appropriate since adding even a few pieces of equipment or an additional facility may require a significant funding increase. In accordance with Board Policy 5.120, on April 16, 2013, DHS provided the Board, with a copy to Chief Executive Officer, the required two-week notice of intent to request a delegation of authority in excess of 10 percent.

The facility will only request that equipment be added if additional services are needed and funding is available in the facility's budget. The delegated authority is necessary to enable the Agreement to be amended timely to guarantee that the essential equipment is maintained appropriately to ensure that the facilities meet the requirements of The Joint Commission.

### **Implementation of Strategic Plan Goals**

The recommended actions support Goal 1, Operational Effectiveness, and Goal 3, Integrated Services Delivery, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

The County's total maximum obligation under the recommended Amendment is \$322,258 for the period of June 1, 2013 through June 30, 2018. The maximum obligations for each DHS facility are identified by fiscal year on Attachment A.

The total potential increase of \$128,903 under delegated authority would be funded using existing resources.

Funding is included in DHS' Fiscal Year 2012-13 Final Budget and will be requested in future fiscal years.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On May 30, 2006, the Board approved an Agreement with Draeger to provide maintenance and repair services for anesthesia equipment at various DHS facilities, effective May 30, 2006 through May 31, 2011. On August 19, 2008, the Board approved an amendment to increase the Agreement maximum obligation because the delegated authority was insufficient to add the new models of anesthesia equipment coming off warranty purchased by DHS facilities to improve the quality of patient care. On April 9, 2011, the Board approved an amendment to extend the Agreement through May 31, 2013 at the same rates since inception of the Agreement.

The amendment adds the latest Board of Supervisors' required provisions not previously included in the original Agreement. DHS has determined that this is not a Proposition A Agreement because the services provided are intermittent and highly specialized.

County Counsel has reviewed and approved Exhibit I as to form.

**CONTRACTING PROCESS**

Draeger is the original equipment manufacturer (OEM) of the Narcomed and Fabius anesthesia equipment. Medical equipment maintenance and repair services from the OEM is preferred to ensure that such equipment performs in accordance with the manufacturer's performance standards and that preventive maintenance services comply with all accrediting and review agency requirements, including Joint Commission.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommendations will allow DHS to ensure the ongoing maintenance and repair services for the anesthesia equipment at DHS facilities.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.  
Director

MHK:mm

Enclosures

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors

**DEPARTMENT OF HEALTH SERVICES**  
**Equipment Maintenance & Repair Services Agreements**

<b>DRAEGER</b>	FY 2012-13 (6/1/13 - 6/30/13)	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	TOTAL
HUDSON CHC	\$468	\$7,110	\$4,305	\$0	\$0	\$0	\$11,883
H-UCLA MC	\$5,635	\$15,685	\$14,600	\$13,200	\$13,200	\$13,200	\$75,520
RLANRC	\$0	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
OV-UCLA MC	\$0	\$37,944	\$37,944	\$37,944	\$37,944	\$37,944	\$189,720
HD MACC	\$0	\$6,645	\$4,775	\$2,905	\$2,905	\$2,905	\$20,135
Maximum Obligation	\$6,103	\$72,384	\$66,624	\$59,049	\$59,049	\$59,049	\$322,258

**EQUIPMENT MAINTENANCE AND REPAIR SERVICES AGREEMENT**

**AMENDMENT NO. 3**

THIS AMENDMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2013.

By and between

COUNTY OF LOS ANGELES  
(hereafter "County")

And

DRAEGER MEDICAL, INC.  
(hereafter "Contractor").

Business Address:  
3135 Quarry Road  
Telford, PA 18969

WHEREAS, reference is made to that certain document entitled, "EQUIPMENT MAINTENANCE AND REPAIR SERVICES AGREEMENT", dated May 30, 2006, and further identified as Agreement No.: H-702062, and any amendments thereto (all hereafter referred to as "Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend Agreement to extend its term and to provide for the other changes set forth hereinafter; and

WHEREAS, Agreement provides that changes in accordance with Paragraph 15, Alteration of Terms, may be made in the form of a written amendment which is formally approved and executed by the parties.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall commence and be effective upon Board approval.
2. Agreement, Paragraph 1, Term, is deleted in its entirety and replaced with the as follows:

"1. TERM:

A. The term of this Agreement shall commence on May 30, 2006, and shall continue in full force and effect to midnight June 30, 2018, unless sooner canceled or terminated as provided herein.

B. The County maintains databases that track/monitor Contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise an Agreement term extension option."

3. Agreement, Paragraph 4, Billing and Payment, is modified to add Subparagraph C as follows:

"C. The Director may amend the payment Schedule to add or remove equipment to any Department of Health Services (DHS) facility at the same rates as set forth in the Schedule. To effectuate this change, an amendment must be agreed to and executed by both parties."

4. Agreement, Paragraph 5, Maximum Obligation of the County, Subparagraph E is deleted in its entirety and replaced as follows:

"E. The maximum obligation of County for all services provided hereunder shall not exceed Three Hundred Twenty Two Thousand, Two Hundred Fifty Eight Dollars (\$322,258) for the period of June 1, 2013 through June 30, 2018."

5. Agreement, Paragraph 5, Maximum Obligation of the County, is modified to add Subparagraph F as follows:

"F. During the term of this Agreement, the Director, or his designee, may amend this Agreement if additional maintenance and repair services are needed pursuant to Contractor's maintenance exclusions as set forth in Exhibit A, Statement of Work, Paragraph 7, or if equipment is added or removed to or from any Medical Facility pursuant to Exhibit A, Statement of Work, Paragraph 10. To effectuate these changes in services the Director or his designee, through an amendment may adjust the maximum obligation by up to but no more than forty percent (40%) of the annual maximum obligation for these unforeseen, needed repair services and/or if equipment is added to any Medical Facility."

6. Agreement, Paragraph 8, General Insurance Requirements, shall be deleted in its entirety and replaced as follows:

"8. GENERAL PROVISIONS FOR ALL INSURANCE COVERAGE

Without limiting Contractor's indemnification of County, and in the performance of this Agreement and until all of its obligations pursuant to this Agreement have been met, Contractor shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in Paragraphs 8 and 9 of this Agreement. These minimum insurance coverage

terms, types and limits (the "Required Insurance") also are in addition to and separate from any other Contractual obligation imposed upon Contractor pursuant to this Agreement. The County in no way warrants that the Required Insurance is sufficient to protect the Contractor for liabilities which may arise from or relate to this Agreement.

A. Evidence of Coverage and Notice to County

- Certificate(s) of insurance coverage (Certificate) satisfactory to County, and a copy of an Additional Insured endorsement confirming County and its Agents (defined below) has been given Insured status under the Contractor's General Liability policy, shall be delivered to County at the address shown below and provided prior to commencing services under this Agreement.
- Renewal Certificates shall be provided to County not less than 10 days prior to Contractor's policy expiration dates. The County reserves the right to obtain complete, certified copies of any required Contractor and/or Sub-Contractor insurance policies at any time.
- Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Agreement by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Contractor identified as the contracting party in this Agreement. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding fifty thousand (\$50,000.00) dollars, and list any County required endorsement forms.
- Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Contractor, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

Certificates and copies of any required endorsements shall be sent to:

County of Los Angeles  
Department of Health Services  
Contracts and Grants Division  
313 N. Figueroa Street, 6E  
Los Angeles, CA 90012  
Attention: Kathy K. Hanks, C.P.M.  
Director, Contracts and Grants



And

County of Los Angeles  
Department of Health Services  
Centralized Contract Monitoring Section  
5555 Ferguson Drive, Suite 210  
Commerce, CA 90022

Contractor also shall promptly report to County any injury or property damage accident or incident, including any injury to a Contractor employee occurring on County property, and any loss, disappearance, destruction, misuse, or theft of County property, monies or securities entrusted to Contractor. Contractor also shall promptly notify County of any third party claim or suit filed against Contractor or any of its Sub-Contractors which arises from or relates to this Agreement, and could result in the filing of a claim or lawsuit against Contractor and/or County.

**B. Additional Insured Status and Scope of Coverage**

The County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively County and its Agents) shall be provided additional insured status under Contractor's General Liability policy with respect to liability arising out of Contractor's ongoing and completed operations performed on behalf of the County. County and its Agents additional insured status shall apply with respect to liability and defense of suits arising out of the Contractor's acts or omissions, whether such liability is attributable to the Contractor or to the County. The full policy limits and scope of protection also shall apply to the County and its Agents as an additional insured, even if they exceed the County's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

**C. Cancellation of or Changes in Insurance**

Contractor shall provide County with, or Contractor's insurance policies shall contain a provision that County shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Agreement, in the sole discretion of the County, upon which the County may suspend or terminate this Agreement.

D. Failure to Maintain Insurance

Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Agreement, upon which County immediately may withhold payments due to Contractor, and/or suspend or terminate this Agreement. County, at its sole discretion, may obtain damages from Contractor resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to Contractor, deduct the premium cost from sums due to Contractor or pursue Contractor reimbursement.

E. Insurer Financial Ratings

Coverage shall be placed with insurers acceptable to the County with A.M. Best ratings of not less than A:VII unless otherwise approved by County.

F. Contractor's Insurance Shall Be Primary

Contractor's insurance policies, with respect to any claims related to this Agreement, shall be primary with respect to all other sources of coverage available to Contractor. Any County maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Contractor coverage.

G. Waivers of Subrogation

To the fullest extent permitted by law, the Contractor hereby waives its rights and its insurer(s)' rights of recovery against County under all the Required Insurance for any loss arising from or relating to this Agreement. The Contractor shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to effect such waiver.

H. Sub-Contractor Insurance Coverage Requirements

Contractor shall include all Sub-Contractors as insureds under Contractor's own policies, or shall provide County with each Sub-Contractor's separate evidence of insurance coverage. Contractor shall be responsible for verifying each Sub-Contractor complies with the Required Insurance provisions herein, and shall require that each Sub-Contractor name the County and Contractor as additional insureds on the Sub-Contractor's General Liability policy. Contractor shall obtain County's prior review and approval of any Sub-Contractor request for modification of the Required Insurance.

I. Deductibles and Self-Insured Retentions (SIRs)

Contractor's policies shall not obligate the County to pay any portion of any Contractor deductible or SIR. The County retains the right to require Contractor to reduce or eliminate policy deductibles and SIRs as respects the County, or to provide a bond guaranteeing Contractor's payment of all deductibles and SIRs, including all related claims investigation, administration

and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

J. Claims Made Coverage

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the effective date of this Agreement. Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Agreement expiration, termination or cancellation.

K. Application of Excess Liability Coverage

Contractors may use a combination of primary and excess insurance policies which provide coverage as broad as the underlying primary policies, to satisfy the Required Insurance provisions.

L. Separation of Insureds

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

M. Alternative Risk Financing Programs

The County reserves the right to review, and then approve, Contractor use of self-insurance, risk retention groups, risk purchasing groups, pooling arrangements and captive insurance to satisfy the Required Insurance provisions. The County and its Agents shall be designated as an Additional Covered Party under any approved program.

N. County Review and Approval of Insurance Requirements

The County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures."

7. Agreement, Schedule 9 is modified to add Schedule 9(A), attached hereto and incorporated herein by reference.

8. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by its Director of Health Services, and Contractor has caused this Amendment to be executed in its behalf by its duly authorized officer, the day, month and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Mitchell H. Katz, M.D.  
Director of Health Services

DRAEGER MEDICAL, INC.  
Contractor

\_\_\_\_\_  
Signature

By \_\_\_\_\_  
Printed Name

Title \_\_\_\_\_

APPROVED AS TO FORM:  
OFFICE OF THE COUNTY COUNSEL



[illegible]

Facility	Model	Serial #	PM/ FY 2012-13 (6/1/13 - 6/30/13)	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
High Desert Multi-Service Ambulatory Care Center (installed Base - Anesthesia)	Narcomed GS ** Narcomed GS ** Fabius GS	14110 16601 ARZD-0035	4 4 2	\$0	\$1,870	\$935	\$0	\$0
				\$0	\$1,870	\$935	\$0	\$0
				\$0	\$1,567	\$1,567	\$0	\$1,567
				\$0	\$446	\$446	\$446	\$446
Total Services	Trace Gas (158452ZW01) Trace Gas (158452ZW02) Trace Gas (158452ZW03)	91042379 91042379 91042379	4 4 4	\$0	\$446	\$446	\$446	\$446
				\$0	\$446	\$446	\$446	\$446
				\$0	\$446	\$446	\$446	\$446
				\$0	\$6,645	\$4,775	\$2,905	\$2,905
Total Services for All Facilities				\$4,700	\$59,875	\$53,331	\$48,352	\$48,352
Total Reserve Funds				\$1,664	\$12,583	\$12,582	\$10,822	\$10,822
Grand Total				\$6,364	\$72,458	\$65,913	\$59,174	\$59,174

\* For "out-of-scope" repairs/parts pursuant to Exhibit A, Statement of Work, Paragraph 7

\*\* Narcomed GS will be covered through 12/31/2014, afterwards it will be deleted.

\*\*\* One Fabius Premium shall be installed at Harbor UCLA halfway through year. For FY 2014-2015 Contractor shall do one PM. Thereafter, Contractor shall do 2 PM per FY for this piece of equipment.

Out-of-Scope Services: Labor (at a set rate of \$717.36) and Parts.